

DELTA PROTECTION COMMISSION

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**AGENDA ITEM #14**

May 14, 1999

To: Delta Protection Commission
From: Lori Clamurro, Delta Protection Commission Staff
Re: Farmland Security Zones

One of the legislative bills of interest to the Delta Protection Commission during the last legislative session (1998-99) was Senator Costa's Senate Bill 1182, relating to Farmland Security Zones. SB 1182 was chaptered into law on August 24, 1998 (Government Code, Section 16140 et seq.).

Under existing law, the California Land Conservation Act of 1965 (Williamson Act) authorizes a city or county to limit the uses of land to agricultural uses in exchange for reduced property taxes. The passage of SB 1182 made technical changes relating to subventions of state funds to replace the reduced property taxes. Current law now authorizes two or more landowners to petition a county board of supervisors to convert Williamson Act contracts to new contracts designating the property as a Farmland Security Zone. Whereas the initial term for a Williamson Act contract is 10 years, the initial term of a Farmland Security Zone is 20 years, and landowners who sign a Farmland Security Zone contract get an additional 35% cut in their property taxes. Also, whereas Williamson Act contracts can be canceled before the full 10-year term, with the approval of county supervisors, landowners will not be able to cancel the new Farmland Security Zone contracts before the 20-year term.

John Gamper, a representative from the California Farm Bureau Federation, will be making a presentation on the Farmland Security Zone program and answering any questions Commissioners may have at the May 27, 1999 meeting. Commission staff has included a copy of the chaptered legislation, for Commissioners' information.

BILL NUMBER: SB 1182 CHAPTERED
BILL TEXT

CHAPTER 353
FILED WITH SECRETARY OF STATE AUGUST 24, 1998
APPROVED BY GOVERNOR AUGUST 24, 1998
PASSED THE SENATE AUGUST 6, 1998
PASSED THE ASSEMBLY JULY 16, 1998
AMENDED IN ASSEMBLY JULY 8, 1998
AMENDED IN ASSEMBLY JUNE 25, 1998
AMENDED IN ASSEMBLY JUNE 11, 1998
AMENDED IN ASSEMBLY MAY 7, 1998
AMENDED IN ASSEMBLY MARCH 26, 1998
AMENDED IN SENATE MAY 5, 1997
AMENDED IN SENATE APRIL 28, 1997
AMENDED IN SENATE APRIL 15, 1997

INTRODUCED BY Senator Costa

FEBRUARY 28, 1997

An act to amend Sections 16140, 16141, 16142, and 16146 of, to add Sections 56375.4 and 56375.45 to, and to add Article 7 (commencing with Section 51296) to Chapter 7 of Part 7 of Division 1 of Title 5 of, the Government Code, to amend Section 426 of, and to add Section 423.4 to, the Revenue and Taxation Code, relating to agricultural land, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1182, Costa. Agricultural land: preservation programs: farmland security zones.

Existing law, known as the California Land Conservation Act of 1965, or the Williamson Act, authorizes a city or county, by contract, to limit the uses of land to agricultural uses or as an agricultural preserve in exchange for reduced property taxes. Under existing law, the initial term of one of these contracts shall be no less than 10 years.

This bill would make technical changes in provisions of law relating to subventions of state funds to replace reduced property taxes. The bill would authorize 2 or more landowners to petition a county board of supervisors to rescind a contract or contracts entered into pursuant to the act in order to place the land under a new contract designating the property as a farmland security zone, and would specify the type of land to which this designation would apply. The bill would provide that the initial term of a farmland security zone contract shall be no less than 20 years, and that each contract shall provide for yearly automatic extensions unless a notice of nonrenewal is given. The bill would provide that land within a farmland security zone shall be eligible for specified tax and other benefits, including exemption from any benefit assessment

that does not directly benefit the land, exemption from annexation, as specified, exemption from potential location of public school facilities, and other exemptions. The bill also would make various conforming changes.

The bill would declare that it is to take effect immediately as an urgency statute.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 16140 of the Government Code is amended to read:

16140. There is hereby continuously appropriated to the Controller from the General Fund a sum sufficient to make the payments required by this chapter.

The payments provided by this chapter shall be made only when the value of each parcel of open-space land assessed under Sections 423, 423.3, 423.4, and 423.5 of the Revenue and Taxation Code is less than the value that would have resulted if the valuation of the property was made pursuant to Section 110.1 of the Revenue and Taxation Code, as though the property were not subject to an enforceable restriction in the base year.

SEC. 2. Section 16141 of the Government Code is amended to read:

16141. It is the purpose of this chapter to provide replacement revenues to local government by reason of the reduction of the property tax on open-space lands assessed under Sections 423, 423.3, 423.4, and 423.5 of the Revenue and Taxation Code. Notwithstanding any other provisions of this chapter, no subvention payments to a county, city, city and county, or school district shall be made pursuant to this chapter for land enforceably restricted pursuant to the Open-Space Easement Act of 1974 (Chapter 6.6 (commencing with Section 51070) of Part 1 of Division 1 of Title 5).

SEC. 3. Section 16142 of the Government Code is amended to read:

16142. The Secretary of the Resources Agency shall direct the Controller to pay annually out of the funds appropriated by Section 16140, to each eligible county, city, or city and county, the following amounts for each acre of land within its regulatory jurisdiction that is assessed pursuant to Section 423, 423.3, 423.4, or 423.5 of the Revenue and Taxation Code:

(a) Five dollars (\$5) for prime agricultural land, as defined in Section 51201.

(b) One dollar (\$1) for all land, other than prime agricultural land, which is devoted to open-space uses of statewide significance, as defined in Section 16143.

The amount per acre in subdivision (a) may be increased by the Secretary of the Resources Agency to a figure which would offset any savings due to a more restrictive determination by the secretary as to what land is devoted to open-space use of statewide significance.

SEC. 4. Section 16146 of the Government Code is amended to read:

16146. The Secretary of the Resources Agency may determine, after notice and hearing, that a local government is ineligible to receive state payments pursuant to this article by reason of its failure to

comply with the provision of Article 10.5 (commencing with Section 65560) of Chapter 3 of Title 7, or with the provisions of any program which establishes an enforceable restriction upon which the assessment of land within its jurisdiction pursuant to Section 423, 423.3, 423.4, or 423.5 of the Revenue and Taxation Code is based. The fact that a local government has not complied with the requirements of Article 10.5 (commencing with Section 65560) of Chapter 3 of Title 7 by the dates set forth in that article shall not be reason to determine that the local government is ineligible to receive state payments, if the local government has complied by July 1 of the year in which application is made. This section shall not be construed to require the disqualification of any land from assessment pursuant to Section 423, 423.3, 423.4, or 423.5 of the Revenue and Taxation Code as a consequence of any determination of ineligibility by the secretary.

SEC. 5. Article 7 (commencing with Section 51296) is added to Chapter 7 of Part 7 of Division 1 of Title 5 of the Government Code, to read:

Article 7. Farmland Security Zones

51296. (a) The Legislature finds and declares that it is desirable to expand options available to landowners for the preservation of agricultural land. It is therefore the intent of the Legislature in enacting this article to encourage the creation of longer term voluntary enforceable restrictions within agricultural preserves.

(b) A landowner or group of landowners may petition the board to rescind a contract or contracts entered into pursuant to this chapter in order to simultaneously place the land subject to that contract or those contracts under a new contract designating the property as a farmland security zone.

(1) Before approving the rescission of a contract or contracts entered into pursuant to this chapter in order to simultaneously place the land under a new farmland security zone contract, the board shall create a farmland security zone, pursuant to the requirements of Section 51230, within an existing agricultural preserve.

(2) No land shall be included in a farmland security zone unless expressly requested by the landowner. Any land located within a city's sphere of influence shall not be included within a farmland security zone, unless the creation of the farmland security zone within the sphere of influence has been expressly approved by resolution by the city with jurisdiction within the sphere.

(3) If more than one landowner requests the creation of a farmland security zone and the parcels are contiguous, the county shall place those parcels in the same farmland security zone.

(4) A contract entered into pursuant to this section shall be for an initial term of no less than 20 years. Each contract shall provide that on the anniversary date of the contract or on another annual date as specified by the contract, a year shall be added automatically to the initial term unless a notice of nonrenewal is given pursuant to Section 51245.

(5) Upon termination of a farmland security zone contract, the farmland security zone designation for that parcel shall

simultaneously be terminated.

(c) Both of the following shall apply to land within a designated farmland security zone:

(1) The land shall be eligible for property tax valuation pursuant to Section 423.4 of the Revenue and Taxation Code.

(2) Notwithstanding any other provision of law, any special tax approved by the voters for urban-related services on or after January 1, 1999, on the land or any living improvement shall be levied at a reduced rate unless the tax directly benefits the land or the living improvements.

(d) Notwithstanding any provision of the Cortese-Knox Local Government Reorganization Act of 1985 (Division 3 (commencing with Section 56000)), a local agency formation commission shall not approve a change of organization or reorganization that would result in the annexation of land within a designated farmland security zone to a city. However, this subdivision shall not apply under any of the following circumstances:

(1) If the farmland security zone is located within a designated, delineated area that has been approved by the voters as a limit for existing and future urban facilities, utilities, and services.

(2) If annexation of a parcel or a portion of a parcel is necessary for the location of a public improvement, as defined in Section 51290.5, except as provided in subdivision (f) or (g) of this section.

(3) If the landowner consents to the annexation.

(e) Notwithstanding any provision of the Cortese-Knox Local Government Reorganization Act of 1985 (Division 3 (commencing with Section 56000)), a local agency formation commission shall not approve a change of organization or reorganization that would result in the annexation of land within a designated farmland security zone to a special district that provides sewers, nonagricultural water, or streets and roads, unless the facilities or services provided by the special district benefit land uses that are allowed under the contract and the landowner consents to the change of organization or reorganization.

(f) Notwithstanding Article 5 (commencing with Section 53090) of Chapter 1 of Division 2 of Title 5, a school district shall not render inapplicable a county zoning ordinance to the use of land by the school district if the land is within a designated farmland security zone.

(g) Notwithstanding any provision of law, a school district shall not acquire any land that is within a designated farmland security zone.

(h) The board shall not approve any use of land within a designated farmland security zone based on the compatible use provisions contained in subdivision (c) of Section 51238.1.

(i) This section shall only apply to land that is designated on the Important Farmland Series maps, prepared pursuant to Section 65570 as predominantly one or more of the following:

- (1) Prime farmland.
 - (2) Farmland of statewide significance.
 - (3) Unique farmland.
 - (4) Farmland of local importance.
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If the proposed farmland security zone is in an area that is not designated on the Important Farmland Series maps, the land shall qualify if it is predominantly prime agricultural land, as defined in subdivision (c) of Section 51201.

(j) Nonrenewal of a farmland security zone contract shall be pursuant to Article 3 (commencing with Section 51240), except as otherwise provided in this article.

(k) All of the provisions of Article 6 (commencing with Section 51290) shall apply to farmland security zones created pursuant to this article except as specifically provided in this article.

(l) No state agency, as defined in Section 65934, or local agency, as defined in Section 65930, shall require any land to be placed under a farmland security zone contract as a condition of the issuance of any entitlement to use or the approval of a legislative or adjudicative act involving, but not limited to, the planning, use, or development of real property, or a change of organization or reorganization, as defined in Section 56021 or 56073. No contract shall be executed as a condition of an entitlement to use issued by an agency of the United States government.

(m) Subdivisions (d) and (e) shall not apply during the three-year period preceding the termination of a farmland security zone contract.

SEC. 6. Section 56375.4 is added to the Government Code, to read:

56375.4. (a) The commission shall not approve or conditionally approve a change of organization or reorganization that would result in the annexation to a city of territory that is within a farmland security zone created pursuant to Article 7 (commencing with Section 51296) of Chapter 7 of Division 1. However, this subdivision shall not apply under any of the following circumstances:

(1) If the farmland security zone is located within a designated, delineated area that has been approved by the voters as a limit for existing and future urban facilities, utilities, and services.

(2) If annexation of a parcel or a portion of a parcel is necessary for the location of a public improvement, as defined in Section 51290.5, except as provided in subdivision (f) or (g) of Section 51296.

(3) If the landowner consents to the annexation.

(b) The commission shall not approve or conditionally approve a change of organization or reorganization that would result in the annexation to a special district of territory that is within a farmland security zone created pursuant to Article 7 (commencing with Section 51296) of Chapter 7 of Division 1 if that special district provides or would provide facilities or services related to sewers, nonagricultural water, or streets and roads, unless the facilities or services benefit land uses that are allowed under the farmland security zone contract and the landowner consents to the change of organization or reorganization.

(c) This section shall not apply during the three-year period preceding the termination of a farmland security zone contract under Article 7 (commencing with Section 51296) of Chapter 7 of Division 1.

SEC. 7. Section 56375.45 is added to the Government Code, to read:

56375.45. Notwithstanding Sections 56300 and 56301, the commission shall not disapprove a change of organization or reorganization where the reason for disapproval is that the farmland security zone is excluded from the affected territory.

SEC. 8. Section 423.4 is added to the Revenue and Taxation Code, to read:

423.4. Land subject to a farmland security zone contract specified in Section 51296 of the Government Code shall be valued for assessment purposes at 65 percent of the value under Section 423 or 65 percent of the value under Section 110.1, whichever is lower.

SEC. 9. Section 426 of the Revenue and Taxation Code is amended to read:

426. Notwithstanding any provision of Section 423 to the contrary, if either the county, city, or nonprofit organization or the owner of land subject to contract, agreement, scenic restriction, or open-space easement has served notice of nonrenewal as provided in Section 51091, 51245, or 51296 of the Government Code, and the county assessors shall, unless the parties shall have subsequently rescinded the contract pursuant to Section 51254 or 51255 of the Government Code, value the land as provided in this section.

(a) If the owner of land serves notice of nonrenewal or the county, city, or nonprofit organization serves notice of nonrenewal and the owner fails to protest as provided in Section 51091, 51245, or 51296 of the Government Code, subdivision (b) shall apply immediately. If the county, city, or nonprofit organization serves notice of nonrenewal and the owner does protest as provided in Section 51091, 51245, or 51296 of the Government Code, subdivision (b) shall apply when less than six years remain until the termination of the period for which the land is enforceably restricted.

(b) Where any of the conditions in subdivision (a) apply, the board or assessor in each year until the termination of the period for which the land is enforceably restricted shall do all of the following:

(1) Determine the value of the land pursuant to Section 110.1 of the Revenue and Taxation Code. If the land is not subject to Section 110.1 of the Revenue and Taxation Code when the restriction expires, the value shall be determined pursuant to Section 110 of the Revenue and Taxation Code as if it were free of contractual restriction. If the land will be subject to a use for which the Revenue and Taxation Code provides a special restricted assessment, the value shall be determined as if it were subject to the new restriction.

(2) Determine the value of the land by capitalization of income as provided in Section 423 and without regard to the existence of any of the conditions in subdivision (a).

(3) Subtract the value determined in paragraph (2) of subdivision (b) by capitalization of income from the full value determined in paragraph (1) of subdivision (b).

(4) Using the rate announced by the board pursuant to paragraph (1) of subdivision (b) of Section 423, discount the amount obtained in paragraph (3) of subdivision (b) for the number of years remaining until the termination of the contract, agreement, scenic restriction, or open-space easement.

(5) Determine the value of the land by adding the value determined

by capitalization of income as provided in paragraph (2) of subdivision (b) and the value obtained in paragraph (4) of subdivision (b).

(6) Apply the ratio prescribed in Section 401 to the value of the land determined in paragraph (5) of subdivision (b) to obtain its assessed value.

SEC. 10. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to provide the benefits of this act to private property owners at the earliest possible time and enhance the preservation of agricultural land, it is necessary that this act take effect immediately.
